

1. MEETING PROTOCOLS

Executive Assistant MartyJo Davis presented an overview of meeting protocols and provided instructions on utilizing features of the Zoom Virtual Meeting platform that allow members to participate virtually.

2. CALL TO ORDER

President Felicelli called the San Miguel Power Association (SMPA) Board of Directors regular meeting to order at 9:03 AM. The meeting was held at the SMPA's Nucla Office and via Zoom Video/Teleconference. Director Felicelli, Director Alexander, Director Loczy, Director Szwarc, Director Kurzweil and Director Brown attended the meeting in person at SMPA's Nucla Office. Director Cooney was absent from the meeting.

3. APPROVAL OF CONSENT AGENDA

Director Loczy motioned to approve the consent agenda (February 24, 2026), including meeting minutes for January 20, 2026, with corrections, and ratifications to appoint Direct Val Szwarc as Western United Voting Delegate. Director Alexander seconded. The motion was voted and carried.

4. MEMBER OR CONSUMER COMMENTS

General Member/Consumer Comments

- The President of the Trout Lake Owners Association addressed the Board virtually regarding the potential undergrounding of power lines serving the Trout Lake and Lizard Head area, expressing concerns about increasing wildfire risk, noting that undergrounding the lines could improve safety and reduce fire hazards. Stating their desire that the Board consider the project as part of future planning discussions, a request was made for SMPA staff to follow up to continue the conversation.
- Director Felicelli noted that while there was initial confusion among members in the Mountain Village area regarding scheduled outages and which locations would be affected, staff helped clarify the situation through email communication, phone calls, and personal visits, resulting in positive feedback from members.
- Director Szwarc shared feedback from a member in the Ridgway area expressing interest in expanded Electric Vehicle (EV) charging infrastructure and suggested that SMPA consider subsidizing EV charging rates.

Sharing Success Grant Presentations

Key Accounts Executive Paul Hora introduced the 2025 Sharing Success Grant awards, noting the program is made possible through funding from CoBank and SMPA.

An award of \$7,500 was presented to the Silverton Singletrack Society. Representative Klemens Branner participated virtually and thanked the Board for the support and shared that the funding will assist with the continued development of the Baker's Park trail system near Silverton. The project is part of a long-term effort to expand the trail network to approximately 30 miles of singletrack, supporting outdoor recreation and community use. Mr. Hora noted that the grant funding will help leverage additional resources to advance the project and contribute to regional economic activity.

The next award of \$7,500 was presented to the San Juan County Historical Society for the Powerhouse Water System Upgrade project. Committee Chair, Beverly Rich, participated virtually and thanked the Board for grant support, noting the funding will assist with upgrades to the existing water treatment system serving the Silverton Powerhouse Business Park. The improvements will help restore system capacity,

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
February 24, 2026 (Nucla and Zoom Virtual Meeting)

support fire protection, and provide reliable water service for existing and future businesses at the site. Mr. Hora noted that the project will help support continued business development and economic activity in the Silverton area.

An award of \$7,500 was presented to the West End Family Link Center. Executive Director Jody Gardner and Grant Writer Deanna Sheriff attended the meeting in person and thanked the Board for their support. They shared that the organization provides food assistance and support services to communities throughout the West End, including Norwood, Redvale, Nucla, Naturita, Bedrock, and Paradox, and is expanding mobile services to additional areas. Representatives noted the organization currently serves more than 500 households and recorded over 11,000 food bank visits in 2025, with demand for services continuing to increase. The grant funding will support ongoing food purchases and help sustain services for residents across the region.

The final Sharing Success Grant award of \$7,500 was presented to the Telluride Mountain Club. Executive Director Sophie Fabrizio attended the meeting and thanked the Board for the support. She explained that the grant will assist with the development of the Mountain Village to Valley Floor Connector Trail, a project that has been in planning for several. The proposed trail will create a safer and more accessible recreation and commuting connection between Telluride and Mountain Village while supporting regional recreation and tourism. Ms. Fabrizio noted the project is part of a broader initiative to expand the local trail system and enhance sustainable outdoor recreation opportunities in the region.

5. STRATEGIC PLANNING

Safety – To promote our safety culture through training and reinforcement while instilling ownership and accountability within every employee. – Darcy Weimer and the Safety Committee
Darcy Weimer, Safety and Regulatory Compliance Coordinator, together with Safety Committee members Tom Brew and Keli Bush, provided the final presentation on SMPA's 2023-2026 strategic objective focused on promoting a strong safety culture through training, reinforcement, ownership, and accountability. The presentation emphasized that safety remains SMPA's number one core value and highlighted key accomplishments over the three-year period, including the rollout of the Safety Manual as a working document, expanded communication with employees through safety meetings, near-miss reporting and Power Hours, a broad range of specialized trainings, increased community safety outreach, and continued internal safety awareness efforts. Committee members also reviewed field safety tools and discussed the importance of regular testing and training to support employee safety in SMPA's unique operating environment. Board discussion reinforced the importance of safety as an ongoing organizational priority and recognized the committee and staff for their work and commitment.

6. CEO ITEMS

Bring Your Own Resources (BYOR)

Manager Zaporski reported that SMPA is preparing for the 2026 kickoff meeting for the next round of the Bring Your Own Resources (BYOR) program. He noted that several potential projects are currently being analyzed for possible submission and advised that additional details would be discussed in executive session due to the confidential nature of certain project considerations.

Tri-State Board Policy 115

Manager Zaporski advised that SMPA has executed Board Policy 115 contracts and Power Purchase Agreements (PPAs) for both the Ouray Hydro and Coal Creek Hydro projects. He recognized Manager Freeman for his work in negotiating the agreements and noted that project representatives will return to present additional requests for Board consideration related to the PPAs.

Mitigation Strategies for Decreased Revenue

Manager Zaporski reported that SMPA is currently below budgeted revenue for January, primarily due to an unusually warm winter, which has reduced seasonal electricity demand and has not been helped by reduced tourism activity. Despite the lower revenue, a strong load factor helped offset power supply costs and support overall net margins. He noted that staff are closely monitoring financial conditions and have identified several potential mitigation strategies if needed, including utilizing the deferred revenue account, deferring select facilities projects, evaluating the sale of certain land assets, and reviewing travel and training budgets for possible reductions. These measures are intended to help maintain financial stability if revenue impacts continue.

Introduction of Employee Guests

Joshua Hainey, Senior Staff Accountant; Megan Rutherford, Energy Service Technician; Phil Zimmer, Energy Services Manager; Mike Therriault, Engineering Supervisor; Greg James, Facility Maintenance Technician; and Alex Shelley, Communications Executive, attended the meeting, either in person or virtually via the Zoom webinar platform.

Community Focus Donations

The Board considered a request to carry forward unspent funds from the 2025 Community Focus Program into 2026. Director Brown moved to approve carrying forward the remaining funds, and Director Szwarc seconded the motion. During the discussion, Board members acknowledged the relatively small amount involved but noted the importance of maintaining a conservative financial approach given current revenue conditions. Following discussion, the motion was put to a vote and did not pass.

The next donation review is scheduled for April 2026.

Board Donations

Director Felicelli donated \$250 to Silverton Skijoring.

Finance

Annual Director Expense Summary for 2025

Manager Lehigh presented the 2025 Annual Director Expense Summary, as required each February. The report detailed expenses by category, including monthly meetings, travel, insurance, board district donations, and allocated expenses such as the annual meeting and director elections. Following review and discussion, Director Brown motioned to approve the 2025 Director Expense Summary, seconded by Director Alexander. The motion was voted and carried. Manager Lehigh and Manager Zaporski both acknowledged the Board's conservative approach to spending and expressed appreciation for their continued fiscal responsibility on behalf of SMPA's members.

2025 Year in Review

Manager Lehigh provided a high-level preliminary review of SMPA's 2025 year-end financials, noting the audit is underway, and final figures remain subject to auditor review. He highlighted continued system growth, though new service additions slowed compared to recent post-COVID years, and highlighted ongoing investment in infrastructure and capital projects. Discussion included the impact of weather variability on energy sales and revenue, and the potential use of climate or weather forecasting services to support budgeting and planning. It was noted that much of this information is publicly accessible. Staff also emphasized that SMPA's long-term rate strategy, focused on increasing fixed cost recovery through fixed charges, is intended to reduce financial sensitivity to weather-related fluctuations. Overall, operating revenues and expenses remained generally in line with the budget. Manager Lehigh also reviewed key financial indicators, noting equity levels declined slightly below target as anticipated due to planned infrastructure investment, which had been strategically managed to avoid rate impacts.

Financial Review & Update

Manager Lehigh provided the January financial review, reporting that operating revenue was below budget for the month, but lower cost of power and a strong load factor helped offset much of the shortfall. He noted that departments did a strong job with cost containment, and overall operating and net margins remained generally in line with budget. Manager Lehigh also advised that interest on long-term debt was temporarily above budget due to a change in payment timing from quarterly to monthly, noting this was a timing issue only and not a concern from an overall financial standpoint. He further reported that days of cash on hand had declined but remained manageable, and staff continues to monitor cash flow and the timing of future note draws as construction season approaches.

Amendment to RUS Deferred Revenue Plan (Resolution 2025-01)

Manager Lehigh advised that action to amend the RUS Deferred Revenue Plan would be postponed until the audit process is further underway.

Marketing & Member Services

Manager Freeman provided a brief update, noting staff continues maintaining existing programs as the new year progresses and that SMPA currently has just over 800 net metering members, with only a small number participating in the time-of-day demand rate option. He also noted staff participation in regional and state geothermal discussions, including conversations regarding potential thermal energy networks.

Information Technology

Manager Tea provided an update on GIS mapping improvements that support outage management and system accuracy. He also discussed a draft policy guiding cautious use of artificial intelligence tools and reported on a recent fiber outage, noting staff implemented a temporary network solution and are evaluating options to improve long-term system redundancy.

Administration & Human Resources

Manager Zaporski reviewed the Human Resources report, highlighting staffing updates including upcoming employee retirements and several ongoing hiring efforts; noting that recruitment is underway for a member billing representative position and that candidates have been selected for a fleet technician position and a working foreman position, pending completion of pre-employment requirements.

Record of Proceedings
San Miguel Power Association
Board of Director Meeting Minutes of
February 24, 2026 (Nucla and Zoom Virtual Meeting)

The Board reviewed Policy 105 – Delegations from the Board of Directors to the General Manager/CEO. Director Brown motioned to approve the revised Policy 105, including grammatical updates and increasing the GM/CEO decision threshold from \$25,000 to \$50,000. Director Alexander seconded the motion. Following discussion, the motion was voted on and carried.

The Board reviewed Policy 107 – Board Committees. No updates were proposed. Director Brown moved to readopt Policy 107 as presented, and Director Alexander seconded the motion. The motion was voted on and carried.

Engineering | Operations | Safety & Regulatory Compliance

Manager Fox provided an Engineering and Operations update, recognizing staff for their coordination during recent planned outages and highlighting continued system improvement efforts. He reported progress on infrastructure projects, including the installation of equipment at the Ouray Hydro facility and the receipt of a new regulator trailer to support voltage control during upcoming substation upgrades. Manager Fox also noted SMPA's participation in San Miguel County's Community Wildfire Protection Plan review process.

7. BOARD TOPICS

N/A

8. ASSOCIATED MEETING REPORTS

Eco-Action- Toby Brown

N/A

CREA- Val Szwarc

Director Szwarc provided a high-level update from CREA, highlighting that meeting topics focused on legislative activity, economic outlook, and key industry topics. Noting ongoing uncertainty at the state level and continued efforts around wildfire liability mitigation. Manager Zaporski added that CREA managers are evaluating the structure and cost allocation of the statewide safety program, with updates to be brought forward as that work progresses.

Western United (WU)- Dave Alexander

Director Alexander provided a brief update on Western United, noting a slight decrease in overall revenue compared to the prior year, with member revenue down and contractor-related revenue increased. He also shared operational updates and a change to the patronage cycle.

Tri-State- Kevin Cooney

Manager Zaporski provided a Tri-State update in Director Cooney's absence, noting that Tri-State remains in default related to prior payroll tax issues and continues working toward resolution. He also reported that Tri-State will not retire capital credits this year, as maintaining equity levels has become the primary driver of rate setting, in an effort to limit rate increases.

9. ATTORNEY'S REPORT

Director Alexander made a motion at 11:46 AM to enter into an executive session for personnel and contractual issues. Director Kurzweil seconded. The motion was voted and carried. The Board entered into executive session at 11:46 AM and came out at 12:20 PM. While in executive session, no decisions were made, nor votes taken.

10. BOARD CALENDAR/TRAVEL

The Board discussed the upcoming SMPA meeting schedule. Staff advised that the 2026–2029 Strategic Planning Session dates has been confirmed with the facilitator for July 21–22, 2026, with the location to be determined.

The Board also reviewed potential off-site meeting locations and, following discussion of options and availability, agreed to hold the August Board of Directors Meeting in Silverton and the September meeting in Mountain Village.

Associated meetings and training opportunities were also discussed, including a governance workshop in Montrose, an online artificial intelligence training, and the Tri-State Annual Meeting scheduled for April 9–10, 2026.

11. MISCELLANEOUS

Tri-State Annual Meeting Voting Delegate and Alternate Delegate

Director Alexander motioned that Director Felicelli serve as the Tri-State Voting Delegate and Director Cooney serve as the Alternate Tri-State Voting Delegate. Director Kurzweil seconded. The motion was voted and carried.

12. NEXT MEETING


The March 2026 regular Board of Directors meeting will occur on Tuesday, March 24, 2026, in Ridgway and via Zoom virtual meeting.

The April 2026 regular Board of Directors meeting will occur on Tuesday, April 28, 2026, in Nucla and via Zoom virtual meeting.

14. ADJOURN

At 12:21 PM, Director Brown motioned to adjourn the meeting. Director Kurzweil seconded. The motion was voted and carried.

Signed by:



Toby Brown, Secretary/Treasurer